No. 74-1033

Supreme Court
FILED
MAY

In the Supreme Court of the United States

OCTOBER TERM, 1974

C. MARSHALL DANN, COMMISSIONER OF PATENTS AND TRADEMARKS, PETITIONER

v.

THOMAS R. JOHNSTON

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF CUSTOMS AND PATENT APPEALS

REPLY BRIEF FOR PETITIONER

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Solicitor General,
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Washington, D.C. 20530.

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Respondent does not dispute that the issues in this case are important (Br. in Opp. 11-12) or that there is a conflict in the rationales of the decision below and of the decision in *Gottschalk* v. *Benson*, 409 U.S. 63, that warrants resolution by this Court. Rather, respondent contends that this Court "is without jurisdiction" (Br. in Opp. 1) to review one or two[1] of the three questions presented.[2] That contention, however, rests in part upon a misunderstanding of our position on the merits and is in any event without merit.

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[1]Although respondent apparently includes within his jurisdictional attack the first question presented (*i.e.*, whether *Benson* may be circumvented by claiming a programmed computer as a "machine system" instead of claiming the programming idea as a "process"), his contentions are directed almost entirely to the second, and broader, question (*i.e.*, whether programs for existing computers are patentable however claimed).

[2]Respondent concedes that the third question presented (*i.e.*, whether his programming idea was "obvious") is properly before the Court (Br. in Opp. 2).

1. Respondent's comments concerning the merits of our position reflect a serious misapprehension. We do not contend that "every computer program" necessarily can and must be fit into a "procrustean" mold concerning the extent of inventiveness underlying the basic idea in question and the program to implement it through a computer (Br. in Opp. 8-9). To the contrary, we recognize the possibility of patentability if a program co-acts with an ordinary computer in a "synergistic" way, if the program is carried out with newly-invented apparatus, or if a program produces a new use for an old machine sufficiently inventive to be patentable as a process (Pet. 14-15). Respondent's claimed invention, like a wide variety of computer programming ideas (but perhaps unlike some of the examples cited by respondent (Br. in Opp. 8-9)), satisfies none of these requirements.

2. This Court plainly has jurisdiction under 28 U.S.C. 1256 to review the judgment of the Court of Customs and Patent Appeals in this case. "[B]y using broad and unqualified language [in Section 1256], Congress intended [this Court's] certiorari jurisdiction over CCPA cases to be as broad as the Constitution permits." *Brenner* v. *Manson*, 383 U.S. 519, 527.

Respondent asserts, nevertheless, that the Commissioner of Patents is "jurisdictionally" barred from challenging in this Court the rationale of the decision of the Court of Customs and Patent Appeals. That is so, respondent claims, because the Commissioner did not (and could not) appeal to that court a statement in the opinion of the Patent Office Board of Appeals (in rejecting respondent's application on grounds other than those on which the patent examiner relied[3]) which respondent regards as having rejected the

[3]The Board regarded as invalid the examiner's apparent premise that even with a different program a general purpose computer "is the same machine" (Pet. App. 28A).

Commissioner's position in this Court (Br. in Opp. 2), and because respondent's "reasons of appeal" (see 35 U.S.C. 142, 144) to the Court of Customs and Patent Appeals did not comprehend the grounds for rejection asserted by the Commissioner in this Court.

Even if the latter proposition (which we dispute[4]) were accepted, it would not affect the propriety of this Court's consideration of any of the questions presented. Where the examiner rejects a patent application on one ground and the Board of Appeals does so on a different ground, if (as here) the judgment of the Court of Customs and Patent Appeals reversing the Board's ruling also constitutes in effect a reversal of the examiner's ruling, then surely the rationale of the examiner's ruling may be considered by this Court on certiorari. Else this Court would be obliged to review judgments of that court in an artificial and unrealistic manner unlike the way it reviews the judgments of other courts. That the Commissioner was limited in the court below by statute (35 U.S.C. 141, 142, 144) in challenging the rationales or the results of decisions of the examiner and the Board in denying respondent's application, does not limit the authority of this Court under 28

[4]The 45 assignments of error in respondent's notice of appeal (see App., *infra*), which challenged virtually every aspect of the Board's decision, may fairly be read as bringing before the Court of Customs and Patent Appeals the questions presented in the petition concerning the patentability *vel non* of computer programs, whether as processes or machine systems. For example, respondent asserted that the Board had erred in applying the lower court's own decision in *Benson* (not yet reversed by this Court); in determining that his claims did not involve patentable subject matter; in concluding that his claims did not concern a particular apparatus or enhancement of its functioning; and in holding that there was no difference in substance between his "machine system" and "process" claims, which must stand or fall together (App., *infra*, pp. 7-9).

U.S.C. 1256 to review the entire case. Cf. *Brenner* v. *Manson, supra*, 383 U.S. at 523, n. 6.[5]

In any event, even if in other circumstances the effect of the Patent Code provisions cited by respondent might be to limit this Court's scope of review, they should not be given that effect in this case because of the intervening decision of this Court in *Benson*, after respondent had delineated his reasons of appeal. In reversing the lower court's judgment in *Benson*, this Court effectively undermined the basis of respondent's appeal in this case. Under settled principles, the court below would have been bound to apply *Benson* even if the principles it established had not been implicated by respondent's reasons of appeal. Cf. *Bradley* v. *Richmond School Board*, 416 U.S. 696, 711-721; *Thorpe* v. *Housing Authority*, 393 U.S. 268, 281. Accordingly, the court below was obliged to apply *Benson* (and it professed to do so) and the Commissioner is free to challenge in this Court the correctness of its judgment in doing so.

For the reasons stated in the petition and in this reply brief, it is respectfully submitted that the petition for a writ of certiorari should be granted.

ROBERT H. BORK,
Solicitor General.

JOSEPH F. NAKAMURA,
Solicitor,
United States Patent and
Trademark Office.

MAY 1975.

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[5]Had respondent exercised his option to seek review of the denial of his application in the District Court for the District of Columbia (35 U.S.C. 145), rather than in the court below, it is clear that the scope of review in neither the district court nor this Court would be subject to the limitations urged by respondent. It would be "anomalous" and "strange indeed" if the scope of this Court's review were limited "where the alternative route was elected." *Brenner* v. *Manson, supra*, 383 U.S. at 527.

APPENDIX

Patent Appeal No. 9088

NOTICE OF APPEAL TO THE UNITED STATES COURT OF CUSTOMS AND PATENT APPEALS, DECEMBER 28, 1971.

Hon. Commissioner of Patents
Washington, D.C. 20231

Sir:

Appellant hereby gives notice of his appeal to the United States Court of Customs and Patent Appeals from the decision of the Board of Appeals rendered on or about October 27, 1971, which decision reversed each of the rejections (which were based on 35 U.S.C. 101, 102 and 112) advanced by the Patent Examiner below and entered new rejections of claims 1 through 11 and 16 through 27, inclusive.

The following are assigned as reasons of appeal:

1. The Board of Appeals erred in failing to allow claims 1 through 11 and 16 through 27 and in entering new rejections of those claims.

2. The Board erred in its summary statement of appellant's invention by omitting important features thereof.

3. The Board erred in holding that the details of the disclosed machine-readable program for a computer "are not brought into issue in this appeal by reason of the character of the claims presented."

4. The Board erred in holding that the claims are "either to a method of bookkeeping . . . or to apparatus that automatically carries out . . . the steps of the bookkeeping method."

5. The Board erred in holding that all of the aforementioned claims fail "to point out and distinctly claim that which appellant considers to be his invention" and therefore that the claims fail to meet the requirements of 35 U.S.C. 112, second paragraph.

6. The Board erred in holding that appellant did not consider his invention to be the use of a form of automatic data processing "for the financial record-keeping and statement-furnishing operations of a bank."

7. The Board erred in holding that "the appealed claims, both apparatus and method [are] not directed to improved record keeping machinery, but rather to a broad system of keeping financial records."

8. The Board erred in holding "the distinction over acknowledged prior record-keeping is either in the identity of the person or institution which has custody of certain phases of the bookkeeping operation or in the financial meaning of or the relationship existing between, the various records."

9. The Board erred in holding that there is "broad sweeping reference in the claims to the automation of the banking industry," and that such reference "serves only as a dress for claims that spell out, in effect, the relationship of a bank and its customers, not any particular configuration of business machinery."

10. The Board erred in holding that the claims are indefinite under 35 U.S.C. 112, second paragraph, for "failing to distinctly point out the invention."

11. The Board erred in holding that the claims on appeal, "both method and apparatus, purport to identify record storing portions of the apparatus or method steps, only by the particular financial meaning to be accorded this data."

12. The Board erred in holding that the meaning to be accorded data "in no way can define either the construction of the data storing apparatus or the machine processing steps thereof."

13. The Board erred in holding that "there can be no structural or operational relationship of a computer memory with the meaning one chooses to assign outside the computer to a particular configuration of binary digits or 'bits' in its memory."

14. The Board erred in holding that "although a group of such bits is processed as an alphanumeric character within the computer this results from the physical states of the memory cells and manifestly this is unrelated to whether a series of such characters represents a stock number of a part or a sum of money, outside the computer."

15. The Board erred in holding that "the only identification of the meaning represented by a section of the computer memory is in the mind of the user and cannot define any characteristic of the apparatus."

16. The Board erred in suggesting that appellant "chooses to denominate a section of its memory by a term descriptive of one meaning, such as a file of stock numbers rather than a file of sums of money."

17. The Board erred in holding that all the claims are indefinite under 35 U.S.C. 112.

18. The Board erred in holding that the claims on appeal embrace, in apparatus claims or as a part of the apparatus steps of method claims, that which has been "held to be outside the scope of apparatus."

19. The Board erred in holding that the claims are "for subject matter outside the patent statutes" and therefore unpatentable under 35 U.S.C. 101.

20. The Board erred in holding that "those systems which do extend beyond the field of technology are not within the 'technological arts' and are non-statutory" and in failing to recognize that any constitutional limitation under 35 U.S.C. 101 is to the "useful arts."

21. The Board erred in holding that the *Benson et al.* decision (169 U.S.P.Q. 548) was a ruling by the C.C.P.A. "that 'liberal arts' are to be exluded from the 'useful arts' and, hence, innovations directed thereto are non-statutory."

22. The Board erred in failing to follow the ruling in *Benson et al.* that "all other types of business machines" are in the "technological arts."

23. The Board erred in holding that appellant's invention reflects "no concern for the enhancement of the internal functioning of the machine."

24. The Board erred in failing to recognize that the invention of this application falls within the Board's definition of improvements in machines "that replace manual effort" and is therefore within the "technological arts."

25. The Board erred in holding that appellant's invention is outside of the "technological arts."

26. The Board erred in holding that "the claims on appeal simply specify that the bank will perform the bookkeeping and accounting services for its customers, rather than each customer performing his own."

27. The Board erred in holding that each data file in the appealed claims "is identified only as to its role in the bookkeeping and accounting system, in association with 'means' for performing conventional bookkeeping and accounting operations on the data files."

28. The Board erred in holding that the recitation of the claims "is without regard to the particular apparatus used to perform these operations and certainly with no 'enhancement' of the machine operation spelled out."

29. The Board erred in holding that there is "no essential difference in substance between the apparatus and process claims" and that they "must stand or fall together."

30. The Board erred in holding that the claims on appeal "would, in effect, grant a monopoly to appellant on a method of conducting the banking business."

31. The Board erred in holding that "banks would [by these claims] be restricted to the use of their data processing equipment only for their own bookkeeping and not being allowed to freely expand into the business of keeping books for their customers."

32. The Board erred in holding that the grant of these claims "would allow the intrusion of the patent sytem into the social sciences already under regulation by governmental agencies" and it "would exceed the constitutional grant of authority to issue patents in the 'technological arts'."

33. The Board erred in holding that the claims are unpatentable under 35 U.S.C. 103.

34. The Board erred in holding that the claims are "for obvious variations of . . .the system of bookkeeping by banks that was acknowledged to be old by appellant on page 2 of the specification."

35. The Board erred in holding that the claims are "for obvious variations of . . . the system of bookkeeping of the Dirks patent [U.S. 3,343,133] when applied to banking rather than industrial business."

36. The Board erred in holding that terms such as "special," "trust," "escrow," "personal" and the like are each "a category code as called for by the appealed claims" and that the bank's treatment of such accounts "is no different than appellant accords the different category codes."

37. The Board erred in holding that appellant "merely adds the category number to the end of the account number to create, in effect, a series of different and distinct account numbers to be used during most of the data processing."

38. The Board erred in suggesting that appellant's invention is concerned with enabling banks to provide their customers "with a form of cost accounting facilities."

39. The Board erred in suggesting that appellant's invention is "merely printing the summary sheets for all the special accounts of an individual on a single document with totals for all accounts" and in holding that it "would be an obvious convenience to both the bank and the customer."

40. The Board erred in holding that the Dirks patent discloses a system in which "each area is assigned an account number in which transaction and balance files are kept and updated (column 9, lines 21-26)."

41. The Board erred in viewing the apparatus and method covered by the claims as a "bookkeeping apparatus and method" and in holding that it would be "obvious to a person of ordinary skill to use the cost accounting portion of the Dirks system of bookkeeping in the banking . . . business," and in suggesting that use would anticipate the claimed invention.

42. The Board erred in failing to construe appellant's claims in the light of appellant's disclosure, as required by 35 U.S.C. 112, last paragraph.

43. The Board erred in failing to interpret the claims "to cover the corresponding structure, material or acts described in the specification or equivalents thereof" as specified by 35 U.S.C. 112, last paragraph.

44. The Board erred in disregarding the contribution to the art provided by appellant's invention and in holding it would be outside the patent laws as unpatentable subject matter.

45. The Board erred in not distinguishing between the claims of different scope and different subject matter and in holding all of them unpatentable for the same reasons as applied to the broadest claims.

Respectfully submitted,

/s/ Morton C. Jacobs

Morton C. Jacobs

December 23, 1971